



11 September 2018

Dr Kerry Schott
Independent Chair
Energy Security Board

Submitted by email: info@esb.org.au

Dear Dr Schott

National Energy Guarantee – National Electricity Law Amendments

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the Energy Security Board's (ESB) National Energy Guarantee – National Electricity Law (NEL) Amendments.

Given the Commonwealth Government's recent announcement that the emissions component of the National Energy Guarantee will not be pursued, Origin has only provided comments on elements of the proposed legislation that relate to the reliability requirement (see below). These comments should be considered alongside Origins submission to the Reliability Requirement Pre-condition Options consultation paper.

- 14ZF(2)(b): Origin does not support allowing the National Electricity Rules (NER) to specify circumstances under which liable entities would be obliged to submit their contract position at T-1 without a T-3 determination being made. Consistent with this, 14ZF(2)(b) should be removed from the draft legislation, along with associated clauses 14ZG(3)(b) and 14ZI(1)(b)(ii).
- 14ZO, 14ZQ: Many retailers are unlikely to have their contracting position completely set one year out. Requiring a retailer to hold a net contract position between T-1 and T or constraining their ability to trade could therefore lead to inefficient levels of contracting and additional costs that are ultimately borne by consumers. To address this, 14ZO should be amended to reflect that a liable entity can adjust its net contract position at any time between T-1 and T. Further, 14ZQ should be removed, given it directly undermines any flexibility afforded to retailers by allowing the NER to specify that a liable entity may be required to maintain its net contract position over that period.

To the extent the above changes are not adopted, Origin believes the assessment of a liable entities' compliance with any reliability obligation should be considered ex-post (i.e. based on contracting positions at T).

- 18ZH: The use of information/data reported to the Australian Energy Regulator (AER) by liable entities under section 18ZD, 18ZF and 18ZE should be limited to assessing the liable entities' compliance with obligations under the reliability requirement. The AER should not be permitted to use the information/data for any of its functions and powers.
- Amendment of Schedule 1 – Subject matter for the National Electricity Rules (6R): The Final Design specified that a trade repository would impose additional costs that are not necessary to achieve the objectives of the reliability requirement. Amendment of Schedule 1 (6R) is therefore inconsistent with the Final Design and should be removed.

If you wish to discuss any aspect of this submission further, please contact Shaun Cole at shaun.cole@originenergy.com.au or on 03 8665 7366.

Yours Sincerely,

A handwritten signature in blue ink, consisting of a series of connected loops and a vertical stroke at the end, resembling the name 'Steve Reid'.

Steve Reid
Group Manager, Regulatory Policy